



# CITY OF LODI

## COUNCIL COMMUNICATION

**AGENDA TITLE:** Authorize Water Utility Analysis

**MEETING DATE:** June 5, 1996

**PREPARED BY:** Public Works Director

**RECOMMENDED ACTION:** That the City Council direct staff to prepare a comprehensive report on the water utility and authorize the City Manager to execute a contract amendment with Bartle Wells Associates (the firm performing the wastewater utility rate analysis) to perform a rate analysis.

**BACKGROUND INFORMATION:** The condition and needs of the City's water system have been reported to the City Council and the public in a series of Council meetings, written reports and public notifications over the past three years. However, based on recent events and discussion with the Industrial Group of the Chamber of Commerce, staff is recommending another course of action, as described below.

A major reason for this recommendation is that the reports mentioned above are out of date in terms of both fiscal issue and capital and operating requirements. Much of this has to do with State water-quality requirements, in particular DBCP and PCE/TCE. Both involve legal issues which have been discussed with the City Council in closed sessions. The fiscal impact of these issues is not well defined, which is necessary for proper fiscal planning. How these issues are resolved, along with the impact of the new water storage tank and the ongoing efforts of San Joaquin County in the area of water supply, all need to be considered together.

Maintaining a water system that provides residents and businesses with adequate supplies of safe water at the least possible cost is vital to Lodi. Accordingly, the City needs to prepare a comprehensive report on the water system addressing the following issues:

- Current and projected water requirements to meet the needs of the community
- Water-quality standards with strategies and policies to be used to meet these standards
- Current and projected state of water system infrastructure
- Methodology to be used by the City to allocate capital and operating costs to customers
- Policies needed to direct the long-term operation and financing of the water system

Staff proposes to prepare this report in-house with some assistance from the private sector. The report will be managed and coordinated by City staff. Much of the previous work will be updated by staff. Assistance from the private engineer who performed most of the water system work for the 1991 General Plan Update, Harold Welborn, will be utilized to update that work and coordinate long-range planning with the PCE/TCE consultants and with San Joaquin County on water supply issues.

The fiscal work will be guided by City staff, both in Public Works and the Electric Utility Rates and Resources Section with the assistance of the Finance Department. The "number crunching" and development of a computer-based rate model will be handled by specialists from the private sector. The City Council recently authorized the City Manager to execute a professional services contract (up to \$18,000) for a wastewater rate analysis. The firm selected for the wastewater work, Bartle Wells Associates, is fully qualified to do both studies.

**FUNDING:** \$25,000, Water Fund

  
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Electric Utility Director

**APPROVED:** \_\_\_\_\_

  
H. Dixon Flynn -- City Manager